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**HF 652** – Underground Storage Tank Cost Share Grant Program (LSB1613HZ)  
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Fiscal Note Version – New

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### **Description**

**House File 652** relates to the duties and finances of the Underground Storage Tank (UST) Board and UST Program. The Bill:

- Creates a new infrastructure replacement grant program for owners and operators of underground petroleum storage tanks.
- Dedicates one-half (\$7.0 million) of the UST Program's annual allocation from the Statutory Allocations Fund (see Iowa Code section [321.145](#)) to the new infrastructure grant program.
- Assigns administration of the new grant program to the UST Fund Board. The Board is directed to award grants to owners and/or operators of locations where petroleum is marketed and the grant funds are to be used to replace underground storage tank infrastructure. Grants for a project cannot exceed the lesser of 50.0% of the cost of replacing the infrastructure, or \$100,000. A single applicant may not receive more than \$1.0 million in grants in a calendar year.
- Specifies that the Board may expend up to \$50,000 annually from the grant fund to administer the grant program.

### **Background**

The UST Program pays to remediate environmental contamination from leaking underground petroleum storage tanks. In most instances, the contamination must have been reported to the UST Board by October 26, 1990, to be eligible for UST Program financing. The UST Program is funded through an annual allocation of \$14.0 million from the Statutory Allocations Fund. That annual allocation does not sunset.

Additional history and background for the UST Program, including financial projections through FY 2019, is available in the following Legislative Services Agency **Issue Review**, released November 10, 2014: [Underground Storage Tank Program Financial Outlook](#)

The new infrastructure grant program created in this Bill requires that the petroleum infrastructure eligible for grants must be compatible with E-85 gasoline (a gasoline/ethanol mix that is up to 85.0% ethanol). The infrastructure eligible for grant funding under the new program includes but is not limited to:

1. Tanks
2. Lines
3. Pipes
4. Hoses
5. Connections
6. Seals
7. Pumps

Current Iowa Code section [159A.14](#) (Renewable Fuel Infrastructure Program) provides for a grant program that includes retail infrastructure used to store, blend, or dispense renewable fuel. To qualify under the existing program, the petroleum infrastructure must do one of the following:

1. Store and dispense E-85 gasoline.
2. Store, blend, and dispense motor fuel from a motor fuel blender pump.
3. Dispense biodiesel or biodiesel blended fuel.
4. Blend or dispense biodiesel fuel from a motor fuel blender pump.

If the installed infrastructure under the new grant program is used to store and dispense E-85 gasoline or biodiesel or biodiesel blended fuel, or if the infrastructure is a blender pump or is attached to a blender pump, the installed infrastructure will be eligible for State grant assistance of up to 50.0% of installed costs under the new program and up to 70.0% of the installed costs under the Renewable Fuel Infrastructure Program.

### **Fiscal Impact**

Creating a new grant program for petroleum infrastructure will increase UST Program expenditures by \$7.0 million per year, beginning in FY 2016. This new grant program does not sunset. Creation of the new grant program will reduce money available for UST site cleanup by \$7.0 million annually.

The Renewable Fuels Infrastructure Board operates an infrastructure grant program available for owners and operators of retail motor fuel locations. The new infrastructure grant program created in this Bill and administered by the UST Fund Board could apply to the same infrastructure expenditures and could allow owners and operators to benefit from two State grant programs, each providing grant funding equal to 50.0% or more of the infrastructure installation costs.

The Bill allocates a maximum of \$50,000 per year from the new grant program to administer the program.

### **Sources**

Legislative Services Agency analysis  
UST Board financial records

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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